



NASA Contractor Financial Management Report Tutorial:

Overview and Instructions to Complete NASA Forms 533M and 533Q

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NASA Contractor Financial Management Report

Definition:

- The Reporting System (comprised of NASA Form 533M and NASA Form 533Q) is the basic financial medium for subcontractor reporting of estimated and incurred costs

NASA FORMS (NF) 533M and 533Q will:

- Provide essential data for projecting costs and hours to ensure that subcontractor performance is realistically planned and supported by dollar and labor resources
- Compare cost and time-phased baseline plan data
- Produce credible cost estimates
- Be as accurate as possible, so they may be used to facilitate informed, timely decisions and to project estimates at completion
- Produce auditable financial reporting documents

NF 533M

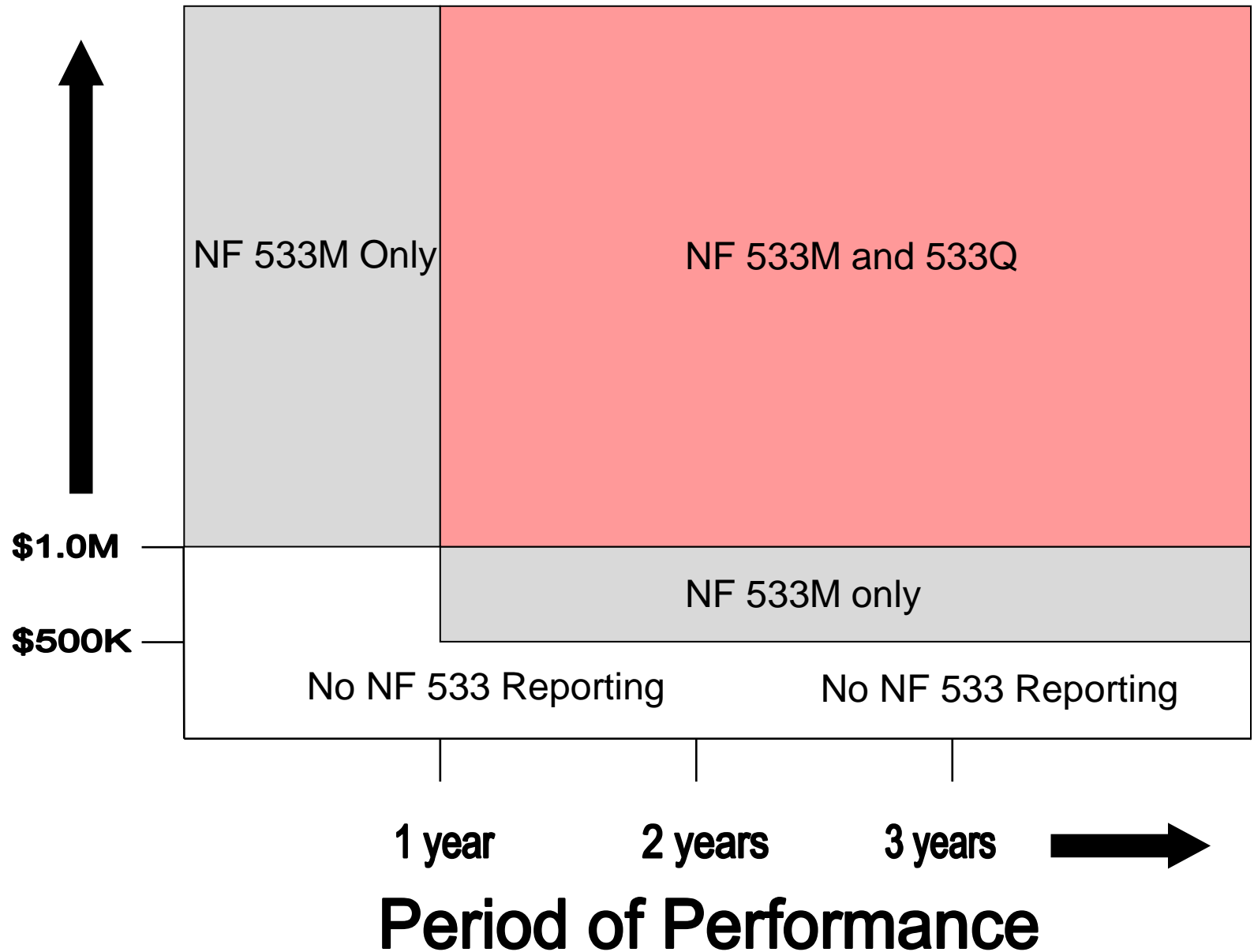
- A report which provides *monthly* data on actual and planned costs, labor hours, short-term cost projections, estimates at complete, subcontract values, and unfilled orders outstanding
- Is required on cost-type subcontracts:
 - Greater than \$500,000 with a period of performance of 1 year or longer
 - or-
 - That meet or exceeds \$1,000,000 regardless of period of performance (See slide 4)
- Will be delivered monthly
 - Shall be submitted electronically to the respective subcontract manager
 - Shall be submitted no later than 10 working days following the close of the subcontractor's monthly accounting period
 - Unless otherwise stated by the subcontracting representative
- Reporting must begin no later than 30 days after first incurrence of cost

NF 533Q

- A quarterly report which, provides updated time-phased cost and labor hour estimates to complete the subcontract
- Is required on cost-type subcontracts greater than \$1,000,000 and for a period of performance of 1 year or longer (See slide 4)
- Will be delivered quarterly
 - Shall be submitted electronically to the respective subcontract manager
 - JPL needs to receive the NF 533Q prior to the quarter being forecast in order for project management to obtain maximum benefit from cost forecasts
 - Shall be submitted no later than the 15th day of the month preceding the quarter being reported in Columns 8a, 8b, and 8c (e.g., the report for the quarter beginning July is due not later than June 15)
 - Unless otherwise stated by the subcontracting representative
- NF 533M also needs to be submitted in months when a NF 533Q is submitted

NF 533M and 533Q Reporting

Subcontract Value: Cost plus Fee



- 5 -

- 5 -

Block

NF 533M and 533Q Content:

Blocks 1 - 2

* NF 533M and 533Q form heading shall contain the following:

Block	To	Enter the full name and address of JPL
Block	From	Enter the subcontractor's name, mailing address, and if applicable, the division performing the subcontract
Block 1.a	Type	The subcontract type (Cost-Plus-Fixed-Fee, Cost-Plus-Incentive-Fee, etc.)
Block 1.b	Contract No.	The subcontract number and latest definitized modification number
Block 1.c	Scope Of Work	Brief description of the subcontract effort; Identify the service, project, or system, and the quantity being procured
Block 1.d	Authorized Contractor Rep.	The authorized subcontractor representative shall <i>sign and date</i> the summary page to reflect approval; <i>Electronic signatures are encouraged</i>
Block 2	Reporting For Months Ending-	Enter the ending date of the subcontractor's accounting month and the number of working days for that accounting month

* The 533M and 533Q are formatted identically in the blocks above. Therefore, the content explanation will be the same for both forms.

NF 533M and 533Q Content:

Blocks 3 -5

NF 533M and 533Q form heading shall contain the following:

Block 3.a	Contract Value Cost	The total cost (a) and fee (b) of all definitized work to be performed under the subcontract. Include dollar amounts through latest definitized modification, as noted in Block 1b.
Block 3.b	Contract Value Fee	
Block 4	Fund Limitation	Enter the total funds authorized by JPL thru the reporting period and latest corresponding subcontract modification number
Block 5.a	Invoice Amounts Billed	Enter the total dollar amount of invoices billed against the subcontract and latest invoice number
Block 5.b	Total Payments Received	Enter the total dollar amount of payments received for the subcontract

NF 533M and 533Q Reporting Categories:

Block 6

- JPL requires costs to be identified by:
 - **Elements of cost:** Uses for which resources are expended in performance of the subcontract
 - This type of information provides insight for JPL concerning the way resources are expended, and aids in comparing actual to negotiated cost rates
 - Direct labor, materials, subcontracts, other direct costs, indirect costs, G&A, and fees
 - In addition, JPL may require costs to be identified by:
 - **WBS:** A family tree subdivision of effort required to achieve an objective
 - May be hardware, product, service, or process oriented
 - Developed by starting with an end objective and subdividing it into manageable components in terms of size, duration, and responsibility (e.g., systems, subsystems, components, tasks, subtasks, and work packages); and includes all steps necessary to achieve objective
- or-
- **Organizational/Functional Data:** Provides information on groups of activities which have a common purpose; these types of data may be required in order to:
 - Track costs by the subcontractors' internal organizations
 - Perform analysis-relating organizational/functional costs to end items
 - E.g. Engineering/Design, Manufacturing/Fabrication, Assembly, Test, Mission Ops, etc
- *When subcontract includes only one subdivision of work, reporting by **elements of cost** will generally be sufficient. Otherwise, the JPL subcontracts manager and subcontractor will determine/agree upon level of reporting*

Elements of Cost Reporting

Category

- Elements of cost are typically classified as direct or indirect (burden). It may be necessary to determine the recurring and nonrecurring nature of cost
 - **Direct costs** can be specifically identified with a particular objective, such as a system, task, or function. Direct costs are classified as follows:
 - Labor
 - Materials
 - Subcontracts
 - Other Direct Costs
 - **Indirect costs** (burden) are, because of their incurrence for joint objectives, not identifiable to a specific objective. Indirect costs are classified as follows:
 - Overhead
 - General and Administrative (G&A)
- Reporting indirect costs in the same detail as direct costs may be complex, especially where there are interrelated overhead pool structures. JPL requires a breakdown of the various types of burdens (e.g., engineering overhead, manufacturing overhead, material handling, and G&A) in order to provide visibility and track actual and provisional rates

NF 533M Content:

Block 7

NF 533M form shall contain the following:

Block 7	Cost Incurred/ Hours Worked	Cost and hour data will be reported in the categories specified in the subcontract
Block 7.a	Actual During Month	Enter the total actual cost incurred/hours worked for the accounting month being reported (Block 2)
Block 7.b & d	Planned	Enter planned cost for the month being reported in Column 7b and cumulative-to-date in Column 7d. <i>The planned cost is obtained from the time-phased baseline plan,</i> which includes the original subcontract value plus authorized changes. Identify the baseline plan used by date/revision number in Block 11.
Block 7.c	Actual Cum. to Date	Enter the cumulative actual cost incurred/hours worked. Actual costs reported will include costs incurred in performing currently authorized work (i.e., all work directed) whether or not negotiated. <i>Costs incurred will be reported irrespective of whether they exceed the "Fund Limitation"</i> (Block 4).

NF 533Q Content:

Block 7

NF 533Q form shall contain the following:

Block 7	Cost Incurred/ Hours Worked	Cost and hour data will be reported in the categories specified in the subcontract
Block 7.a	Cum. Actual Thru Prior Month	Enter the cumulative actual cost incurred/hours worked through the prior month
Block 7.b	Current Month Estimate	Enter an estimate for the month in which the report is due (see submission date)
Block 7.c	Cum. Estimate To Date	Enter the sum of Columns 7a and 7b



NF 533M Content:

Block

NF 533M form shall contain the following:

Block 8	Estimated Cost/Hours to Complete	Enter the current <i>short-term estimates</i> for performing authorized work included in the most recently executed subcontract modification, plus additional authorized work (directions to proceed) for which execution of modifications is pending. The <i>estimates will be for planning purposes only</i> and will not be binding on either the subcontractor or JPL. <i>Data entered will not be simply a restatement of negotiated baseline values.</i>
Block 8.a		Show the most current estimate for the next month
Block 8.b		Show the most current estimate for the subsequent month thereafter
Block 8.c	Balance of Contract	Enter the cost/hour data for the balance of the subcontract, not including Columns 8a and 8b.

NF 533Q Content:

Block

NF 533Q form shall contain the following:

Block 8	Estimated Cost/Hours to Complete	Enter the appropriate month, quarter and fiscal year designations in the column headings. Enter the current estimates for performing authorized work, included in the most recently executed subcontract modification, plus additional authorized work. The <i>estimates will be for planning purposes only</i> and will not be binding on either the subcontractor or JPL. <i>Data entered will not be simply a restatement of negotiated baseline values.</i>
Block 8.a Thru 8.h		
Block 8.i	Balance of Contract	Enter the cost/hour data for the balance of the subcontract not including Columns 8a thru 8h.
Block 8.j	Total To Complete	The sum of Columns 8a through 8i



NF 533M Content:

Blocks 9 - 11

NF 533M form shall contain the following:

Block 9	Estimated Final Cost/Hours:	This long-term estimate enables JPL to compare the subcontract value to the current estimate at completion and identify potential over or underruns
Block 9.a	Contractor Estimate	Enter the total estimated cost/hours at completion of the subcontracted effort by reporting categories (should equal the sum of Columns 7c, 8a, 8b and 8c)
Block 9.b	Contract Value	Enter the distribution of the subcontract value to the reporting categories. The total of this column shall agree with Block 3. Significant differences between Columns 9a and 9b shall be explained in Block 11.
Block 10	Unfilled Orders Outstanding	The difference between cumulative costs incurred to date and amounts obligated to suppliers, to include open purchase orders, in which <i>materials have not been received nor services rendered</i>
Block 11	Narrative Remarks	Explain items materially affecting historical/projected cost or performance for each monthly report

NF 533Q Content:

Blocks 9 - 12

NF 533Q form shall contain the following:

Block 9	Estimated Final Cost/Hours:	This long-term estimate enables JPL to compare the subcontract value to the current estimate at completion and identify potential over or underruns
Block 9.a	Contractor Estimate	Enter total estimated cost/hours at completion of the subcontracted effort by reporting categories (7c + 8j)
Block 9.b	Contract Value	Enter the distribution of the subcontract value to the reporting categories. The total of this column shall agree with Block 3. Significant differences between Columns 9a and 9b shall be explained in Block 12.
Block 10	Est. Completion Date	Enter completion date for each subdivision of work. <i>Entry doesn't serve as notice to JPL of late delivery</i>
Block 11	Unfilled Orders Outstanding	The difference between cumulative costs incurred to date and amounts obligated to suppliers, to include open purchase orders, in which <i>materials have not been received nor services rendered</i>
Block 12	Narrative Remarks	Explain items materially affecting historical/projected cost or performance for each monthly report

NF 533M and 533Q Content

Long-term Cost Estimates:

- Long-term cost estimates, which include all data entered in Column 9a on NF 533M and NF 533Q reports, shall be based on the most current and reliable information available
 - Contractor Estimate shall present the subcontractor's estimated costs at completion
 - They are used for planning purposes only and are not binding to the subcontractor or JPL
 - Data entered will not be simply a restatement of negotiated baseline values
 - Subcontractors shall provide the most accurate long-term estimates that consider the cost, schedule, or technical outcome of the subcontract
 - Long-term estimates shall be reported without regard to negotiated subcontract cost block (3a &b)
 - Subcontractors shall include potential overruns or underruns when recognized



Top Five – Dos and Don'ts

NF 533M

- If the subcontract requires a NF 533M AND a NF 533Q, do not focus on column 9a – have the monthly focus on column 8a. Report the contractor's estimate quarterly on the 533Q
- Get Column 8a right: Look at actual incurred through NF 533M submission date and ensure that materials and subcontracted efforts in this reporting column will be delivered/performed this month (definition of "incurred")
- Accurately report Unfilled Orders Outstanding (Column 10)
- Get Column 8b right.
- Make sure "Planned" dollars (Column 7b and 7d) reflect the latest Baseline Cost Estimate by month submitted to JPL, and identify that plan in Block 11

NF 533Q

- Focus on column 9a! Make sure Contractor Estimate (Column 9a) accurately reflects costs and labor hours required to finish the job. Do not consider how JPL will react to the news
- Be able to justify the phasing in Columns 8. In addition, explain why Column 9a differs from 9b
- Be sure Columns 8 and 9a reflect subcontractor's latest forward-pricing rates
- Include all work authorized by JPL not just definitized work in Estimated Cost/Hours to Complete (Column 8)
- Reflect government fiscal-quarter calendar and ensure the NF 533Q is submitted in the month *prior* to the quarter in Column 8a, b, and c.

Frequently Asked Questions

Q: Why must I submit financial management reports to JPL?

A: A cost-reimbursement subcontract removes all cost risk from the subcontractor and places this risk solely on JPL. The subcontractor-prepared NF 533M and 533Q, provides JPL with the information to manage this cost risk and is a requirement expressed in JPL's prime contract with NASA.

Q: Why must I submit two separate forms; NF 533M and NF 533Q?

A: Each form has a different time-frame focus. The NF 533M compares actual-cost to-date to the original cost plan, and a new estimate of work for the next two-months. JPL needs this data every month. The NF 533Q prepares a new bottoms-up time-phased estimate for the future to finish all the work-remaining per the most recent schedule update. JPL needs this data before the beginning of every quarter.

Q: Why do I need to complete a NF 533M or 533Q?

A: Without transparency, JPL would consistently develop unrealistic cost and schedule estimates, which in part, contribute to cost growth and schedule increases in many of its projects. Each NF 533M and 533Q will continue to strengthen JPL's ability to manage its highly complex projects.

Q: What happens if I don't comply with the reporting requirements?

A: If applicable, non-compliance can result in grade and award fee reduction. In the event a subcontractor fails to submit required NF 533 reports on a timely basis or in an accurate manner, JPL is not required to make payment on cost and fee vouchers by contractual due dates and may withhold payment until compliance is clearly demonstrated.

Q: Can I just put the values from my Baseline Plan into the corresponding columns 8 of the NF 533M and NF 533Q?

A: JPL knows the monthly planned values because they are indicated in the previously submitted Baseline Cost Estimate. In Column 8, please give your latest forecast or estimate for the time period in question.